



LAURA N. CHICK
INSPECTOR GENERAL

STATE OF CALIFORNIA
OFFICE OF THE INSPECTOR GENERAL
AMERICAN RECOVERY ACT FUNDS

Transmitted via e-mail

June 21, 2010

Mr. Scott Gruendl, Director
Glenn County
Human Resource Agency
420 East Laurel Street
Willows, CA 95988

Dear Mr. Gruendl:

Final Review Report—Glenn County, Human Resource Agency, Review of the Homelessness Prevention and Rapid Re-Housing Program

The State of California, Office of the Inspector General (IG), American Recovery and Reinvestment Act Funds (ARRA) reviewed Glenn County Human Resource Agency's (Agency) ARRA funds received for the Homelessness Prevention and Rapid Re-Housing Program (HPRP).

Scope

The Agency was awarded ARRA funds totaling \$1,600,000 for HPRP, a program administered by the U.S. Department of Housing and Urban Development. HPRP provides homelessness prevention assistance for families and individuals who are at risk of being homeless, as well as rapid re-housing assistance for those who are homeless. HPRP also provides short-term or medium-term rental assistance, security or utility deposits, utility payment assistance, and housing relocation and stabilization services, such as credit counseling, moving cost assistance, and case management. As of the review period, the Agency has received \$187,500 and expended \$37,232.

The IG conducted a review of ARRA funds received and expended for the period October 1, 2009 through December 31, 2009. The review's objectives were to determine if the Agency properly accounted for and used ARRA funds in accordance with ARRA requirements, and applicable laws, and regulations.

The Agency's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and program requirements as well as evaluating the efficiency and effectiveness of the program. Unless identified during our review of ARRA funds, we did not assess the efficiency or effectiveness of program operations.

Methodology

The Agency's accounting records and supporting documents were reviewed to determine if ARRA funds were properly accounted for and expended. Costs allocated to HPRP programs, and the allocation method, were reviewed for propriety and reasonableness. To determine whether revenues and expenditures complied with applicable laws and regulations, the following procedures were performed:

- Interviewed key personnel and reviewed applicable policies and procedures to gain an understanding of program-related internal controls.
- Reviewed participant files and contracts between Agency and subcontractors.
- Reviewed revenues to determine if they were properly recorded and supported.
- Selected a sample of expenditures reported to determine whether they were:
 - Allowable
 - Program related
 - Incurred within the reporting period
 - Adequately supported
 - Properly recorded

Review Findings

Ineligible Expenditures Charged

The Review identified that seven percent (\$2,695) of expenditures charged to HPRP were ineligible.

The Agency used incorrect income limits to determine income eligibility for potential clients. An ineligible client received \$700 in rental assistance from HPRP in December 2009, despite the fact that the client's annual income exceeded the 50 percent Area Median Income specified for household size. Further, the Agency extended the client's rental assistance from short to medium-term providing for \$1,400 additional ineligible rental assistance payments disbursed under HPRP in January and February 2010. Because the Review identified the client's ineligibility under the HPRP before the next expenditure report was due; the Agency did not report the \$1,400 as expenditures under HPRP and credited the amount back to HPRP.

Additionally, the Agency's budget authorized five staff positions for HPRP. The IG staff determined that six positions, and related ineligible personnel costs of \$1,995 were charged to HPRP.

Home Inspections Have Not Been Conducted

The Agency did not comply with HPRP inspection requirements to conduct habitability and lead-based paint inspections of client homes prior to occupancy. Out of the 24 clients that received financial assistance during the period of review, 14 client homes required the inspections, but none were completed. Due to management oversight, the Agency and its partner agencies were not aware of the requirement until March 22, 2010 when the California Department of Housing and Community Development (HCD) issued a HPRP Notice that stated the requirement.

Agency Overstated Jobs Created and Retained by 5.24 Positions.

For the period ended December 31, 2009 the Agency reported six as the number of jobs created. Based on IG staff computation, the Agency should have reported only 0.76.

Agency Incorrectly Reported \$1,945 of HPRP Costs

The Agency incorrectly reported the following Homeless Prevention costs as Rapid Re-Housing costs:

- \$1,050 in financial assistance provided for a client.
- \$895 in financial assistance provided for a client.

Conclusion

In order to assure eligibility of participants and related costs, the Agency should review the federal and state directives for HPRP and ensure current policies and procedures are properly and timely implemented. The Agency should work with HCD to initiate appropriate corrective actions regarding the ineligible costs and reporting errors identified by the IG review.

The Agency's response has been included in this report. In accordance with the IG's policy of increased transparency, the final report will be placed on our website, <http://www.inspectorgeneral.ca.gov>.

We appreciate the assistance and cooperation of HCD and the Agency. If you have any questions regarding this report, please contact Penny Krueger, Supervisor, at (916) 322-0553.

Sincerely,

A handwritten signature in black ink, reading "Laura N. Chick". The signature is fluid and cursive, with the first name "Laura" being the most prominent part.

LAURA N. CHICK
California Inspector General,
American Recovery and Reinvestment Act Funds

cc: Ms. Christine Zoppi, Deputy Director, Human Resource Agency
Ms. Lucy Hernandez, Community Services Manager, Human Resource Agency
Ms. Korri VonSeggern, Fiscal Officer, Human Resource Agency
Ms. Lynn Jacobs, Director, Department of Housing and Community Development
Mr. Chris Westlake, Deputy Director, Division of Financial Assistance, Department of Housing and Community Development



**GLENN COUNTY
HUMAN RESOURCE AGENCY
HRA**



**SCOTT GRUENDL
DIRECTOR**

☐ **SOCIAL SERVICES
DIVISION**
P.O. Box 611
420 E. Laurel St.
Willows, CA 95988
(530) 934-6514

**ROBYN KRAUSE
CHIEF DEPUTY DIRECTOR**

**CHRISTINE ZOPPI
DEPUTY DIRECTOR**

☐ **COMMUNITY ACTION
DIVISION**
420 E. Laurel St.
Willows, CA 95988
(530) 934-6510

May 28, 2010

Ms. Laura N. Chick, Inspector General
State of California
American Recovery and Reinvestment Act
1400 10th Street
Sacramento, CA 95814

Dear Ms. Chick:

This letter is in response to the Draft Review Report completed on May 20, 2010 on the Homelessness Prevention and Rapid Re-Housing Program administered by the Glenn County Human Resource Agency. There were a total of four (4) identified findings within the three-day review conducted on April 13th through April 15th 2010. Below you will find our response to clarify the findings and a corrective action plan for each to ensure that the American Recovery & Re-investment Act (ARRA) funding is utilized according to the Federal guidelines, thus ensuring transparency in the use of funds and outcomes reported.

- 1) Home Inspections-Have not been conducted
 - a. The agency completed all the required inspections for the 14 households by May 3, 2010, as required by HUD. However, our agency was not aware of this requirement until the Housing & Community Development (HCD) notice was released on March 22, 2010 to all HPRP sub-grantees. Our agency ensured due diligence in meeting this requirement and completing inspections for all Rapid Re-Housing households AND also conducted lead-based inspections for all Homeless Prevention households, that resided in homes built prior to 1978 and had children under the age of 6. As of the date of the report on May 20, 2010 all households assisted under HPRP funding have been inspected for habitability standards and the documentation is on file for each household served. In addition, all HPRP inspectors within the four-county region have completed HUD approved trainings.
 - b. In response to this finding, our agency developed and facilitated a Housing Quality Standard Inspection training on April 26, 2010 to Northern County regions receiving HPRP funding to assist other sub-grantees with this requirement. In addition, our HPRP inspectors are providing in-person training to other HPRP projects to assist them in meeting the requirement of this grant.
- 2) Agency Incorrectly Reported \$1,945 of HPRP Costs
 - a. There were two claims where the client's rent payment and security deposit were placed in the wrong category (Rapid Re-housing vs. Homeless Prevention).

☐ **SOUTH COUNTY FACILITY LOCATION**
420 E. Laurel St.
Willows, CA 95988

TOLL FREE 1-800-287-8711

☐ **NORTH COUNTY FACILITY LOCATION**
604 East Walker Street, Suite A
Orland, CA 95963



**GLENN COUNTY
HUMAN RESOURCE AGENCY
HRA**



**SCOTT GRUENDL
DIRECTOR**

☐ **SOCIAL SERVICES
DIVISION**
P.O. Box 611
420 E. Laurel St.
Willows, CA 95988
(530) 934-6514

**ROBYN KRAUSE
CHIEF DEPUTY DIRECTOR**

**CHRISTINE ZOPPI
DEPUTY DIRECTOR**

☐ **COMMUNITY ACTION
DIVISION**
420 E. Laurel St.
Willows, CA 95988
(530) 934-8510

- b. These errors were corrected and moved to the correct HPRP financial assistance activity and was immediately corrected during the site review in April 2010.
The error was an inadvertent human error on the part of our accounts payable clerk. The controls for double checking were re-emphasized and the payment processing paperwork has been modified to clearly state from which financial assistance category the payments are to be paid.
- 3) Agency Overstated Jobs Created and Retained by 5.24 positions
 - a. Our agency administers a four-county region under the HPRP program, which support the retention and creation of a total of 13 jobs. When calculating the total positions created and retained for the review period a percentage of each position retained/created was reported instead of utilizing the correct CAAT formula. One of our sub-grantees reported 1 FTE positions for their county, however later indicated they would not bill the HPRP program for this quarter. As a corrective action plan our agency will request copies of all sub-grantee staff timecards and generate the report based on the total hours worked/520 hours formula. On April 24, 2010 a phone conference was conducted with the four county partners and an overview of the CAAT reporting requirements were clarified and the new process was emphasized.
- 4) Ineligible Expenditures charged to HPRP
 - a. A total of five positions are approved under the Dos Rios HPRP budget, however, a sixth position charged time to the grant erroneously, resulting in a total of \$1,995 in ineligible costs being charged to the HPRP grant. This staff member's time should have been billed to another funding source and was not discovered until the site review. This has been corrected and the ineligible staff time has been moved to the correct funding source and HPRP has been credited for the ineligible cost.
 - b. The Agency utilized the incorrect income limits as required by HUD. Instead utilized the Community Services Block Grant ARRA poverty guidelines. Our agency immediately corrected this issue and has implemented the use of the 50% AMI as required. An agency internal review of all HPRP household cases served since the inception of the grant have been completed by May 3, 2010, to ensure that all clients served in the HPRP program meet the income guidelines as specified by the funding source. An ineligible client was identified during the review in which \$700 was determined ineligible under HPRP. The agency has covered this expense and has credited HPRP the ineligible cost. The ineligible client's expenditure was for a total of \$700. Financial Assistance rendered to this client for January & February 2010 were not charged to the HPRP program, this can be verified by accessing the DER #2 (Quarterly report/billing submitted to the Housing & Community Development Agency), and also in which the \$700

☐ **SOUTH COUNTY FACILITY LOCATION**
420 E. Laurel St.
Willows, CA 95988

TOLL FREE 1-800-287-8711

☐ **NORTH COUNTY FACILITY LOCATION**
604 East Waker Street, Suite A
Orland, CA 95963



**GLENN COUNTY
HUMAN RESOURCE AGENCY
HRA**



**SCOTT GRUENDL
DIRECTOR**

☐ **SOCIAL SERVICES
DIVISION**
P.O. Box 611
420 E. Laurel St.
Willows, CA 95988
(530) 934-6514

**ROBYN KRAUSE
CHIEF DEPUTY DIRECTOR**

**CHRISTINE ZOPPI
DEPUTY DIRECTOR**

☐ **COMMUNITY ACTION
DIVISION**
420 E. Laurel St.
Willows, CA 95988
(530) 934-6510

(December) assistance was credited and no additional payments were made on behalf of this ineligible client.

The Review of the Homelessness Prevention and Rapid Re-Housing (HPRP) program on April 2010, allowed our agency to better understand the program's regulations and strengthened our internal procedures, we truly appreciate the level of expertise and knowledge provided by Cindie Lor, during the site review. She was very professional and was able to locate program information, which will enhance and allow our agency to provide effective HPRP services to our vulnerable homeless populations in our rural four-county region.

Please feel free to contact me directly for any questions regarding our response to the review findings. You can reach me at lhernandez@hra.co.glenn.ca.us or (530)934-1452.

Respectfully,

Lucy Hernandez
Housing & Community Services Manager
Dos Rios Homelessness Prevention & Rapid Re-Housing
Glenn County HRA/Colusa-Glenn-Trinity Community Action

☐ **SOUTH COUNTY FACILITY LOCATION**
420 E. Laurel St.
Willows, CA 95988

TOLL FREE 1-800-287-8711

☐ **NORTH COUNTY FACILITY LOCATION**
604 East Walker Street, Suite A
Orland, CA 95963

The State of California, Office of the Inspector General (IG), American Recovery and Reinvestment Act Funds issued a draft review report to the Glenn County Human Resource Agency's (Agency) on May 20, 2010. We received the Agency's response to that report on May 28, 2010.

*Observation title corresponds to the Agency's response letter.

2) Agency Incorrectly Reported \$1,945 of HPRP Costs

The Agency stated that the errors were immediately corrected during the site review in April 2010. However, the IG's review of the Detail Expenditure Report (DER 2) provided by the Agency for the period January 1, 2010 through March 31, 2010, identified that only one client's financial assistance payments were corrected and properly reported. The DER 2 did not reflect the corrections made for the \$895 identified for the other client and further reported another \$495 in rental assistance payment for this client under Rapid Re-housing.

4) Ineligible expenditures charged to HPRP

- a. Per IG's review of the DER 2, the \$1,995 was not moved to another funding source, as stated by the Agency. The DER 2 did not reflect the \$1,995 credit back to the Homelessness Prevention and Rapid Re-housing Program. Further, in an e-mail received from the Agency on May 13, 2010, the Housing and Community Services Manager stated that the \$435 in personnel costs incurred for the ineligible staff during the subsequent quarter was also moved to another funding source. However, \$436 in personnel costs was reported on the DER 2 for the noted ineligible staff.
- b. The IG verified that the additional \$1,400 in ineligible expenditures was not reported as expenditures on the DER 2. Total ineligible expenditures identified was reduced from \$4,095 (11 percent) to \$2,695 (7 percent). See the Review Findings section of the Final Review Report.

Except as noted above, the Agency agreed with our review results. The Agency should ensure that all corrective actions noted in the Agency's response are implemented and properly reflected on the expenditure report. We appreciate the Agency's willingness to take corrective actions.